

*United States Court of Appeals
for the Second Circuit*



**APPELLANT'S
REPLY BRIEF**

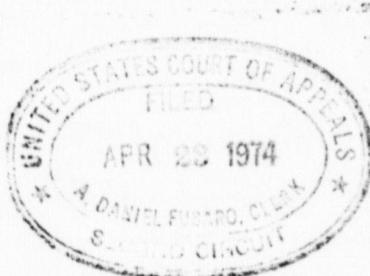
74-1441

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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THE NATIONAL LAMPOON, INC., :
Plaintiff-Appellee, :
-against- : Docket No. 74-1441
AMERICAN BROADCASTING COMPANIES, INC., :
GEORGE SCHLATTER ENTERPRISES, INC. and :
GEORGE SCHLATTER, :
Defendants-Appellants. :
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DEFENDANTS-APPELLANTS' REPLY BRIEF



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Preliminary Statement

Plaintiff-Appellee's appellate brief contains numerous gross distortions of both fact and law. With regard to most of these, a reading of defendants-appellants' original brief, and of the authority and the portions of record cited therein, will amply demonstrate the obvious incorrectness of plaintiff's assertions. In certain areas, however, plaintiff, in its brief, has clouded the issues by making incorrect statements based on either no authority or on authority clearly inapposite to the case at hand. This is particularly so in its citation of §43(a) of the Lanham Act and connected cases with respect to the issues surrounding its generic usage of "lampoon" and its failure to establish secondary meaning. The following is written in brief reply to those areas of plaintiff's brief.

ARGUMENT

Throughout its brief, plaintiff prefaces its discussion of issues with statements which explicitly or implicitly convey the idea that the traditional requirements of a trademark infringement action do not apply in an action under §43(a) of the Lanham Act. (15 U.S.C. §1125(a)) Such an idea is absolutely false in connection with the requirements in contention on this appeal.

Section 43(a), as plaintiff points out, is a federal statutory tort of unfair competition. In reviewing cases under the section, however, it must be kept in mind that it deals with many types of misrepresentations which are different from those dealt with in the traditional trademark infringement action. Furthermore, it has brought into play several variations from common-law unfair competition actions, particularly in the area of standing to sue, which are of no pertinence in this action. Plaintiff has cited several cases which deal with these inapposite areas in support of its arguments.

In actions alleging misrepresentations of origin of source, §43(a) provides, in effect, a remedy merely supplemental to traditional common-law or federal trademark infringement, granting federal jurisdiction to most types of

common-law trademark infringement actions where the defendant's activities substantially affect interstate commerce. In this type of case, where §43(a) is asserted to cover what appears to be a case of traditional trademark infringement, traditional principles of substantive trademark law apply. (This is even pointed out in a quotation found in plaintiff's own brief. See p.34, beginning of the second paragraph; cf.also, 2 McCARTHY, TRADEMARKS AND UNFAIR COMPETITION (hereinafter "McCARTHY") §27:7 (1973), at 254.)

Thus, plaintiff's argument, at pp. 35-36 and 45 of its brief, to the effect that it can have a right to relief under §43(a) even if "lampoon" is a generic name for its product is totally incorrect. Plaintiff's statement (at 35-36 of its brief) and supporting authority to the effect that it need not be the owner of the mark in question is totally irrelevant to this issue, and plaintiff's authority deals with a question of standing to sue. Quite apart from that question, the issue in this instance is whether the mark in question is a false designation of origin because it will be confused with a similar designation of origin. As was fully discussed in our earlier brief (at pp.20-29), a word applied in its generic sense to a product cannot, as a matter of law, be granted legal recognition as a source of origin. Plaintiff's attempted use of §43(a) to circumvent the strong policies behind this rule is without any precedential support,

and, as pointed out in 1 McCARTHY §12:2 (F.) at 410, there has never been an instance where a plaintiff has been able to appropriate exclusively to itself an ordinary dictionary word such as "lampoon" which has always been a generic name and did not originate as a trademark.

Plaintiff also misuses §43(a) and related cases in its discussion at pages 50-52 of its brief, in which it claims that the concurrent use of "lampoon" by the HARVARD LAMPOON can have no effect on the issue of secondary meaning under §43(a). As discussed at pages 30-35 of our earlier brief, "secondary meaning" means that the public will, when shown the word lampoon, first and foremost assume that the word signifies a single source of origin. This concept is entirely distinct and separate from the "single source" rule referred to in the Mutation Mink Breeders Ass'n case [23 F.R.D. 155 (S.D.N.Y.)] cited by plaintiff at page 51 of its brief. As pointed out in 2 MC CARTHY §27:4 [a copy of which is appended to this brief for the Court's convenience], that "rule" is a concept which originally pertained to the issue of standing in common-law false advertising cases, and has nothing to do with the issue of secondary meaning.

Nor are the other authorities cited at pages 51-52 of plaintiff's brief, with reference to concurrent registration, of any relevance here. None deals with the

question of secondary meaning in light of concurrent use by a third party. Indeed, in the only case in which the effect of a third-party's use of a mark on a plaintiff's cause of action is considered [and this was with reference to registrability, not secondary meaning - Aluminum Fabricating Co. of Pittsburgh v. Season-All Window Corp., 259 F.2d 314 (2d Cir. 1958)] this area of the case turned on the fact that there was no proof that the third-party's goods were sold to the public under the name in question or that the goods were sold in the same market as the plaintiff's.

It is our contention that people, when seeing the word "lampoon", would first and foremost think of a lampoon, a satirical, funny show of some kind emanating from some source unidentified until its "credits" are read. However, as fully discussed in our earlier brief, if they do think of a source of goods when they see the word, they are far more likely to think of HARVARD LAMPOON, a product in the same field as plaintiff which has enjoyed more widespread notoriety than plaintiff, and has enjoyed it for a much longer time than plaintiff has been in existence. And if they were to think of both plaintiff and HARVARD LAMPOON, one of two things would result: (1) they would be led to further inquiry as to source - in this instance, the credits of the show identifying its source, and the disclaimer already built into

the very body of the show would obviously indicate that the show does not emanate from plaintiff; or, (2) they would proceed to watch the show with total indifference as to whether the show emanated from plaintiff. As discussed at pages 30-35 of our earlier brief, in neither of these two cases is there "secondary meaning."

CONCLUSION

For the foregoing reasons, together with those reasons more fully presented in our earlier brief, we respectfully submit that the judgment below should be reversed and that the complaint should be dismissed. In the alternative, we submit that the judgment should be amended so as to call for the use of "Lampoon" together with some other qualifying word in the title, and the free use of the sets consisting of, or using, the word "Lampoon".

Respectfully submitted,

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imitated marks and false trade descriptions.³ The purpose and import of § 43(a) was succinctly stated in the Gold Seal case:

It means that wrongful diversion of trade resulting from false description of one's products invades that interest which an honest competitor has in fair business dealings—an interest which the courts should and will protect. . . . It represents, within this area, an affirmative code of business ethics whose standards may be maintained by anyone who is or may be damaged by this segment of the code. In effect it says: you may not conduct your business in a way that unnecessarily or unfairly interferes with and injures that of another; you may not destroy the basis of genuine competition by destroying the buyer's opportunity to judge fairly between rival commodities by introducing such factors as false descriptive trademarks which are capable of misinforming as to the true qualities of the competitive product.⁴

Thus, § 43(a) is designed to protect the right of the consumer to be told the truth.⁵

§ 27:4. —Standing to sue

A. *Section 43(a) Creates a New Tort, and Is Not a Mere Codification of the Common-Law "Single Source" Limitation*

The older, and minority, interpretation of § 43(a) was that it did not eliminate the common-law requirement that the plaintiff-competitor be able to allege and prove a direct loss of customers caused by the false advertising.⁶ This view held that § 43(a) was a mere codification of the common-law "single source" limitation on standing to sue for false advertising. It was held, for example, that if a plaintiff under § 43(a) was not the "single source" of a misrepresented product, he had no standing to sue.⁷ Such decisions held in effect that § 43(a) did little, if anything, to remedy the procedural obstacles presented by the common law.

However, the modern majority view is that the "single source" requirement of common-law false advertising is not applicable to Lanham Act § 43(a), for the Act merely requires a showing that

3. US Code Cong Serv 79th Cong 2d Sess 1275 (1946); Report of the Senate Committee on Patents, SR 1333, May 14, 1946. On the legislative history of Lanham Act § 43(a) see: Colligan v Activities Club of New York, Ltd. (1971, CA2) 442 F2d 686.

4. Gold Seal Co. v Weeks (1955, DC Dist Col) 129 F Supp 928, affd sub nom S. C. Johnson & Sons v Gold Seal Co. 97 App DC 282, 230 F2d 832.

5. See § 2:13.

6. Chamberlain v Columbia Pictures Corp. (1951, CA9) 186 F2d 923; Samson Crane Co. v Union National Sales, Inc. (1949, DC Mass) 87 F Supp 218 affd per curiam (CA1) 180 F2d 896.
See § 27:1.

7. Chamberlain v Columbia Pictures Corp. (1951, CA9) 186 F2d 923 (Case dismissed for failure to state a claim).

the plaintiff is "likely to be damaged." Common law restrictions are not applicable because § 43(a) creates a new, statutory federal tort, *sui generis*, which is limited only by the words of the statute itself.⁸ In so holding, some courts have held that § 43(a) is a remedial provision and its language should be broadly construed.⁹ Similarly, the Supreme Court has held that when a statutory provision reflects a legislative purpose to protect a competitive interest, the injured competitor has standing to require compliance with that provision.¹⁰ In the leading *L'Aiglon* case, the Third Circuit stated:

It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts. . . . Perhaps this statutory tort bears closest resemblance to the already noted tort of false advertising to the detriment of a competitor. . . . But however similar to or different from pre-existing law, here is a provision of a federal statute which, with clarity and precision adequate for judicial administration, creates and defines rights and duties and provides for their vindication in the federal courts.¹¹

Similarly, a District Court noted that if certain older cases decided under the common law had arisen under § 43(a), the result might not have been the same, for § 43(a) creates a "new federal statutory tort, *sui generis*."¹² Therefore, at least to establish standing to sue, the "single source" rule of the common law is inapplicable to § 43(a). It is not necessary to show that plaintiff has some kind of monopoly over the misrepresented product. The "likely to be damaged" language of § 43(a) obviates the necessity for proving an actual diversion of trade away from plaintiff.¹³ Additionally,

8. *Federal Mogul Bower Bearings v Azoff* (1963, CA6) 313 F2d 405; *Gold Seal Co. v Weeks* (1955, DC Dist Col) 129 F Supp 928, affd sub nom *S.C. Johnson & Sons, Inc. v Gold Seal Co.* 97 App DC 282, 230 F2d 832; *L'Aiglon Apparel Co. v Lana Lobell, Inc.* (1954, CA3) 214 F2d 649; *Mutation Mink Breeders Asso. v Lou Nierenberg Corp.* (1959, DC NY) 23 FRD 155; *Franklin Mint, Inc. v Franklin Mint, Ltd.* (1971, DC Pa) 331 F Supp 827.

9. *Geisel v Poynter Products* (1968, DC NY) 283 F Supp 261; *Maternally Yours v Your Maternity Shop* (1956, CA2) 234 F2d 538 (J. Clark concurring).

10. *Hardin v Kentucky Utilities Co.* (1968) 390 US 1, 19 L Ed 2d 787, 88 S Ct 651. See *D. M. & Antique Import Corp. v Royal Saxe Corp.* (1970, DC NY) 311 F Supp 1261.

11. *L'Aiglon Apparel Co. v Lana Lobell, Inc.* (1954, CA3) 214 F2d 649.

12. *Mutation Mink Breeders Asso. v Lou Nierenberg Corp.* (1959, DC NY) 23 FRD 155.

13. *Mutation Mink Breeders Asso. v Lou Nierenberg Corp.* (1959, DC NY) 23 FRD 155. See *Gold Seal Co. v Weeks* (1955, DC Dist Col) 129 F Supp 928, affd sub nom *S. C. Johnson & Sons v*

the "likely to be damaged" language grants standing to sue even though plaintiff is not a direct competitor of the defendant.¹⁴

B. Consumer Standing to Sue

On its face, Lanham Act § 43(a) applies to give standing to sue to "any person who believes that he is or is likely to be damaged." The word "person" includes a "juristic person" (firm, corporation, union, association) as well as a "natural person."¹⁵ Does this mean that a defrauded consumer has standing to sue to enforce a violation of § 43(a)? It would appear that § 43(a) should be interpreted in light of the Congressional purpose to protect consumers from false trade descriptions as well as in light of a growing wave of "consumerism." When literally read in such a light, one concludes that § 43(a) can be invoked by defrauded consumers as well as injured competitive business interests.¹⁶

However, the Second Circuit Court of Appeals has held that § 43(a) does not give consumers standing to sue for violation of that section. The court held that the purpose of § 43(a) is "exclusively to protect the interests of a purely commercial class against unscrupulous conduct."¹⁷ The court feared that opening the federal courts to consumer actions under § 43(a) "would lead to a veritable flood of claims brought in already overtaxed federal courts, while adequate private remedies for consumer protection, which to date have been left almost exclusively to the States, are readily at hand." The Second Circuit felt that Congressional silence as to whether defrauded consumers had standing to raise § 43(a) meant that they did *not* have such standing. It is submitted that such a restrictive reading of § 43(a) is both bad policy and improper judicial interpretation of clear statutory language.

§ 27:5. —Injunction and damages

A. Proof of Injury: Injunction

To have standing to pray for an injunction, there is no requirement that plaintiff prove actual loss, but merely that he is "likely to be damaged."¹⁸ A likelihood of damage to the plaintiff creates

Gold Seal Co. 97 App DC 282, 230 F2d 832.

14. Mortellito v Nina of California (1972, DC NY) 173 US Pat Quart 346.

15. Lanham Act § 45, 15 USCS 1127 ("Person").

16. Arnesen v Raymond Lee Organization (1971, DC Cal) 333 F Supp 116,

holding that defrauded consumers have standing to maintain class action for violation of § 43(a).

17. Colligan v Activities Club of New York, Ltd. (1971, CA2) 442 F2d 686.

18. Norwich Pharmacal Co. v Hoffman-La Roche, Inc. (1960, DC NJ) 180 F Supp 222; Zandelin v Maxwell Bently

Acknowledgement of service;
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4/23/74 - 4:20 P.M.
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